



REQUEST FOR PROPOSAL:

**PROPERTY, CASUALTY, AND WORKER'S
COMPENSATION INSURANCE BROKERAGE
SERVICES**

**Responses due by:
November 14th, 2016
Prior to 3:00 p.m.**

TABLE OF CONTENTS

Scope & Background.....pg. 3

Section I

Timeline & Response Guidelines.....pg. 6

Section II

RFP Eligibility & Selection Criteria.....pg. 6

Section III

Broker Qualifications.....pg. 8

Section IV

Broker Compensation.....pg. 11

CITY OF FRESNO RESERVES THE RIGHT AT ITS SOLE DISCRETION TO MODIFY THIS RFP AND THE TERMS DESCRIBED AT ANY TIME AND FROM TIME TO TIME. THE TERMS OF THIS DOCUMENT ARE NOT, AND ARE NOT INTENDED TO BE, BINDING ON THE PARTIES. ANY AGREEMENT BETWEEN CITY OF FRESNO AND A SUCCESSFUL BIDDER SELECTED BY CITY OF FRESNO MUST BE MUTUALLY SIGNED BY BOTH PARTIES FOR IT TO BE BINDING. EACH BIDDER RECOGNIZES AND ACKNOWLEDGES THAT CITY OF FRESNO HAS THE RIGHT TO AND WILL ESTABLISH NEGOTIATIONS WITH MULTIPLE PARTIES UNTIL MUTUALLY SIGNED EXECUTION OF A MUTUALLY SIGNED DEFINITIVE AGREEMENT WITH THE PARTY IT SELECTS. CITY OF FRESNO CONSIDERS THE BID PROCESS, ALL RELATED COMMUNICATIONS AND DOCUMENTS, AND THE FACT THAT WE ARE IN DISCUSSIONS REGARDING THE SUBJECT MATTER, ALL TO BE CONFIDENTIAL INFORMATION. CITY OF FRESNO EXPECTS THAT BOTH PARTIES WILL KEEP ALL INFORMATION IN CONFIDENCE AS REQUIRED.

SCOPE OF THIS PROJECT

The competition will focus on the broker's capabilities, ability to add value to THE CITY OF FRESNO, industry expertise, experience of team members and broker compensation. SPECIFICALLY, YOU ARE NOT TO APPROACH ANY INSURANCE MARKETS OR SERVICE PROVIDERS ON OUR BEHALF OR IN CONNECTION WITH THIS PROJECT. FAILURE TO ADHERE TO THIS REQUIREMENT WILL RESULT IN AUTOMATIC DISQUALIFICATION FROM THIS PROPOSAL.

BACKGROUND:

The City is a Charter Law City incorporated in 1885, which operates under a strong Mayor form of government. There are seven (7) City Council members and the City Manager serves at the will of the Mayor. With a population of over 500,000, the City provides a wide range of municipal services including: police and fire protection; community planning, development and sustainability; building and safety; code enforcement; traffic engineering; street, tree, streetlight and traffic signal maintenance; parking enforcement; median island, parkway and park maintenance; public transportation; residential solid waste collection; water and wastewater treatment; community centers and parks; and youth, senior and other community service programs. The City owns and operates two (2) airports. It also owns and operates two (2) helicopters and one (1) fixed wing aircraft, which are used in conjunction with police protection. The City occupies an area of 115 square miles with 1700 paved miles of road.

The City's Risk Management Division has a full-time Risk Manager and three (3) full-time Senior Risk Analysts, one who is responsible for the supervision of Contractual Insurance Requirements and Indemnification, the second is responsible for overall Safety of City employees, facilities and the public as per their involvement with City facilities and City sponsored events and the other who is responsible for the supervision of the Workers' Compensation insurance and Pre-employment and Drug Testing units. The administration of Property and Casualty claims is handled internally by the City. The administration of Workers Compensation claims is handled by a third party administrator ("TPA"). Loss Control and Safety is handled internally by the City through a centralized Senior Risk Analyst that manages safety and strategically placed Management Analysts and Safety Specialists throughout the operating departments.

The City's Property, Casualty, and Workers' Compensation insurance programs include:

- **Excess Municipal Liability** insurance which includes coverage for general liability, automobile liability, employment practices liability, employment benefits liability and public official's errors and omissions liability. The limits of liability are \$25 million for any one (1) occurrence or wrongful act and annual aggregate, subject to a \$3 million self-insured retention. The first layer provides \$10 million in Excess Municipal Liability insurance and 2nd layer provides \$15 million in Excess Municipal Liability insurance.
- **Airport Liability** insurance which includes coverage for general liability, hanger-keepers liability and non-owned aircraft liability with a 3 year policy period. The limits of liability are \$60 million for any one (1) occurrence and annual aggregate for Bodily Injury, Property Damage and Products and Completed Operations. \$50 million aggregate Limit for Person and Advertising Injury and Malpractice. There is no deductible or self-insured retention. Coverage includes Fresno Yosemite Airport and Chandler Airport.
- **Aircraft Liability** insurance which includes 3 years of coverage for premises liability, personal injury liability (including passengers and volunteers), non-owned aircraft liability and hull liability. The limits of liability are \$25 million for any one (1) occurrence and annual aggregate. For hull liability, there is 1% of insured value each claim, subject to a minimum of \$7,500, rotors in-

motion deductible and \$no minimum rotors not in-motion deductible for each helicopter. \$3,180,695 Total Hull Value, all Aircraft. Scheduled \$275,000-Flir Value. There are no other deductibles or self-insured retentions.

- **Pollution Liability** insurance which includes 3 years of coverage for third party claims for bodily injury, property damage or clean-up costs at non-owned disposal sites. The limits of liability are \$10 million any one (1) occurrence and annual aggregate. There is a \$250,000 per claim deductible.
- **Special Event Liability** insurance which includes coverage for general liability and personal and advertising injury. The limits of liability are \$1 million for any one (1) occurrence and \$2 million general aggregate. This insurance can be purchased by users of city-owned property or by the City for city-sponsored events.
- **Special Liability** insurance which includes coverage for general liability, non-owned and hired automobile liability, directors and officers liability and employment practices liability. The limits of liability are \$1 million any one (1) occurrence, with no general or annual aggregate. There is a \$10,000 deductible for Employment Practices Liability and all else is \$1,000 deductible. This insurance is purchased by the City for the Veteran's Memorial Museum, Inc., a tenant in the City's Memorial Auditorium.
- **Property** insurance which includes coverage for real property, business personal property, boiler and machinery, automobile physical damage, business interruption, rental income, scheduled fine art, animal, and tax interruption. There is a limit of liability of \$2 million per occurrence and annual aggregate for flood. There is no earthquake coverage. The City presently maintains insured values of \$1.4 billion. There is a \$100,000 per occurrence All Risk and Automobile Physical Damage deductible.
- **Mobile Equipment Floater** insurance which includes coverage for all risks of direct physical loss or damage, including flood and earthquake, for 2006 Lenco Bearcat armored rescue vehicle. The limits of liability are \$300,000. There is a \$1,000 per occurrence deductible. This insurance is purchased by the City; however, the cost is shared with the County of Fresno and City of Clovis, who possess an equal ownership interest with the City in this piece of mobile equipment.
- **Crime** insurance which includes coverage for employee theft, forgery or alteration, theft inside and outside the premises, computer fraud and money order and counterfeit paper currency. The City presently maintains limits of liability of \$15 million any one (1) occurrence and annual aggregate with a 2 year policy period. There is a \$2,500 per occurrence deductible.
- **Workers Compensation** insurance which includes coverage for medical expenses, temporary disability, permanent disability, education vouchers, employer's liability and serious and willful misconduct liability. The City presently maintains statutory limits of liability, subject to a \$2 million self-insured retention. There is a pooled retention of \$3 million with CSAC EIA. The COF & FPOA entered into an agreement and implemented a WC ADR program covering Units 4 & 9 (sworn police personnel) effective 7/1/2015.
- **Accidental Death and Dismemberment** insurance provides 3 years of coverage for all active full-time members of the Police Department's Air Support ("Skywatch") and Explosive Ordinance Disposal ("EOD") units while performing on and off premises activities. The City presently maintains benefit limits of liability of \$250,000 principle sum and \$1.25 million per accident aggregate.
- **Long-term Disability and Term Life** insurance for active full-time management and supervisory employees. Currently, there are 490 covered employees. Term life is one times annual salary rounded to nearest thousandth, up to \$150,000. Long-term disability is 66 2/3 % to \$7,500 per month after satisfaction of the waiting period.

GENERAL UNDERWRITING INFORMATION

- The City's budget for FY17 is \$1,030,040,200 (including capital expenditures).
- The City presently employs 3,047 permanent and temporary full-time employees and over 500 temporary and part-time employees. There are approximately 210 volunteers.
- The City's budgeted payroll for FY17 is \$261,453,400.
- The City utilizes approximately 1,660 licensed vehicles in its daily operations. In addition, the City utilizes approximately 101 buses, 9 "Handy Ride" sedans and 49 "Handy Ride" mini buses to provide public transportation.

STRATEGIC RISK MANAGEMENT INITIATIVE

THE CITY OF FRESNO is evaluating all areas of our business to strategically manage costs and maximize value. Our objective is to work with select vendors who can assist THE CITY OF FRESNO in maximizing the value and service quality of the goods and services we procure, while identifying opportunities to reduce the costs of externally purchased goods and services and improving our vendor selection and management processes.

We believe that the ultimate outcome will enhance the value of THE CITY OF FRESNO's relationship with its vendors. As part of this program, we are reviewing our procurement of Risk Management and Insurance Brokerage services. We believe there is significant value to be gained from reviewing the current broker arrangement, with the goal of assuring that our program is providing us with superior service at a competitive price.

RFP GOALS

The City's Risk Management philosophy is to assume levels of risk for all types of exposures whenever prudent and economical, and to purchase insurance primarily for catastrophic protection. The City seeks those services traditionally provided by a competent and qualified insurance brokerage firm. Essential services expected include, but are not limited to, the following:

- Ensure the City's brokerage arrangements are priced competitively;
- Assistance in the design of the City's insurance programs, including risk analysis, design of coverage forms, structure of offerings to be presented to underwriters (use of deductibles, self-insured retentions and aggregate stop-loss coverages, layering of primary and excess coverages, how pricing would be determined, and any service available or to be provided by insurers as part of the insurance package).
- Marketing, evaluation and assistance in the selection and placement of the insurance companies qualified to underwrite the City's various insurance programs.
- Verification of insurance policies, thoroughly checking policy wording to ensure that the City has received desired coverages in compliance with the specifications.
- Interpreting insurance policies, answering questions regarding insurance clauses in contracts, assisting/coordinating with the handling of claims, and issuing certificates of insurance.
- Advice on new construction, analysis of fire rates, and review of recommendations from fire inspectors.
- Assistance in establishing insurable values.

- Providing current information about losses, insurance market's financial security of insurers, and risk management practices.
- Assistance with preparation of insurance applications and specification for union contracts.
- Providing oral and written communications and reports.

The City expects the broker to include a detailed Scope of Services in their proposal.

SECTION I – TIMELINE & RESPONSE GUIDELINES

1. Critical Dates

Activity	Target Date
1. Submittal Deadline	11/14/16
2. Selection of broker	11/28/16
3. Execution of broker services Agreement	12/1/16
4. City Council review	12/15/16

2. Submittal Date and Location

Your response must be submitted prior to 3:00 p.m. November 14th, 2016 to:

Mail four (4) copies to:
 Purchasing Department
 City of Fresno
 2600 Fresno St., Room 2156
 Fresno, CA 93726

Following the receipt of responses, your proposal will be evaluated and your firm may be asked to provide additional information or respond to follow up questions. Your response should be tailored specifically to address the questions outlined in the RFP.

Following the broker evaluation process, the broker to handle THE CITY OF FRESNO's program will be selected. The selected broker will be expected to provide services as outlined in the sample broker service agreement presented in the RFP response.

3. Proposal Contact

Your primary contact for any questions or comments regarding the attached document is: Bob Callistro, Provisional Purchasing Manager at bobc@fresno.gov

SECTION II – RFP ELIGIBILITY & SELECTION CRITERIA

1. Selection Process and Participation Requirements

- a. Comply with all instructions
- b. Complete all required sections of the RFP

- c. Respond to all questions in reasonable detail
- d. Meet the deadline for submission of RFP to THE CITY OF FRESNO

2. Selection Criteria

The successful respondent will be selected for further consideration based upon, but not limited to, the following criteria:

- a. Quality of the response to the RFP
- b. Expertise with advising clients on evaluating risks and structuring and managing insurance programs and self-insurance
- c. Ability to provide cost-effective solutions to meet the needs of THE CITY OF FRESNO
- d. Coverage Expertise and ongoing Coverage Quality Control Process
- e. Loss Control Support
- f. Claims Support
- g. Overall expertise within industry
- h. Willingness to work with existing insurance underwriters as necessary
- i. Financial strength
- j. Stability
- k. Reputation
- l. Amount, visibility, and appropriateness of compensation
- m. Demonstrated exceptional level of customer service and support to clients
- n. Quality and experience of assigned account personnel
- o. Accuracy of proposal as demonstrated by documentation, presentations, and telephone references

3. Evaluation Process

THE CITY OF FRESNO will systematically review and evaluate your proposal. THE CITY OF FRESNO reserves the right to select, or not select, a broker for any reason.

4. Submission Effort

- a. **Date of Submission:** Responses to the RFP received after the designated date will not be considered.
- b. **Proposal Acceptance:** THE CITY OF FRESNO reserves the right to accept or reject any proposals made to it in response to this RFP whether in whole or in part. THE CITY OF FRESNO makes no guarantee whatsoever implied or otherwise that it will contract or agree to contract with any party as a result of this RFP.
- c. **Cancellation of the RFP:** THE CITY OF FRESNO reserves the right, in its sole discretion, to cancel this RFP at any time prior to the execution of a written agreement with the successful respondent.
- d. **Waivers:** In the interests of furthering competition, THE CITY OF FRESNO may waive minor procedural requirements or informalities during the process of soliciting, evaluating, or negotiating this award.

- e. **Submitted Materials:** Materials provided to THE CITY OF FRESNO by brokers will remain at THE CITY OF FRESNO. At the end of the proposal RFP process, all materials submitted will become the property of THE CITY OF FRESNO, unless alternative agreements have been reached in writing.

5. Conflict of Interest

- a. Provide a statement of conflict you, your firm, and/or other key staff may have regarding these services. The statement should not only include actual conflicts, but also any working relationships that may be perceived by disinterested parties as a conflict. If no potential conflicts of interest are identified, so state in your proposal.

6. Regulated Communication in City Procurement Process Ordinance

- a. The Regulated Communications in City Procurement Process Ordinance (Article 6, Chapter 4 of the Fresno Municipal Code) became effective May 7, 2004. With certain specified exceptions, the Ordinance provides that no Respondent, Bidder, Proposer (as the case may be) shall initiate, engage in, or continue any communication to or with any City elected official concerning or touching upon any matter which is the subject of this competitive procurement process.
- b. Any Respondent, Bidder, Proposer or elected official (as the case may be) who initiates, engages in, continues in, or receives any regulated communication shall file the written disclosure required by the Regulated Communications in City Procurement Process Ordinance.
- c. Any Respondent, Bidder, or Proposer violating the Regulated Communications in City Procurement Process Ordinance may be disqualified from participating in this procurement process and/or determined to be non-responsible. Additionally, the City may set aside the award of a contract, prior to its execution, to a party found to have violated the Ordinance.

Note: The full text of Fresno Municipal Code Chapter 4, Article 6 may be obtained by logging on to the City's website at <http://www.fresno.gov> under "Related Online Resources" on the bottom right portion of the home page click on "Fresno Municipal Code."

7. Debarment

- a. A Proposer who has been determined by the Council to be non-responsible may be debarred from bidding or proposing upon or being awarded any contract with the City or City of Fresno Redevelopment Agency, or from being a subcontractor or supplier at any tier upon such contract, in accordance with the procedures in Resolution No. 2003-130 adopted by Council on April 29, 2003. The initial period of any such debarment shall not be less than one year or more than three years. A Proposer may request a hearing, in accordance with Resolution No. 2003-130, upon receipt of a notice of proposed debarment from the City Manager or his/her designee. A copy of the Resolution may be obtained from the City Clerk's Office, 2600 Fresno Street, Fresno, California 93721.

8. Indemnification

- a. To the furthest extent allowed by law, CONSULTANT shall indemnify, hold harmless and defend CITY and each of its officers, officials, employees, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any

time and property damage), and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees and litigation expenses) that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of CONSULTANT, its principals, officers, employees, agents or volunteers in the performance of this Agreement.

- b. If CONSULTANT should subcontract all or any portion of the services to be performed under this Agreement, CONSULTANT shall require each subcontractor to indemnify, hold harmless and defend CITY and each of its officers, officials, employees, agents and volunteers in accordance with the terms of the preceding paragraph.
- c. This section shall survive termination or expiration of this Agreement.

SECTION III- BROKER QUALIFICATIONS

All participants must include the following in their proposal:

1. Overview of Company Structure/ History/ Philosophy

- a. Describe the history and structure of your organization, including number of employees and available resources, locally, nationally and globally
- b. Describe your areas of specialization, specifically including the resources your organization possesses in support of these areas of specialization
- c. How many accounts does your specific office service?
- d. How many employees does your specific office have?
- e. How many of these employees in your office have new business responsibilities versus service?
- f. What is your employee to account ratio in each department including claims, loss control and account management?

2. Competitive advantage

- a. Outline your perceived strengths and weaknesses in the marketplace.
- b. How are you different from your competitors?

3. Service Team

- c. Illustrate the account team structure.
- d. List the names of the proposed day-to-day account service team and describe each member's service role.
- e. Attach resumes of the service team members. Include:

4. Qualifications

- a. Expertise; technical/industry specific
- b. Describe how you will act as an extension of THE CITY OF FRESNO's Finance Department in the area of Risk Management.
- c. Discuss and describe the experience your office has in servicing and understanding the unique needs and exposures of THE CITY OF FRESNO's size and resources.

5. Marketing

- a. Provide your thoughts on the state of the insurance market THE CITY OF FRESNO will be experiencing for our renewal.
- b. Who are your top markets?
- c. Provide a timeline and transition plan if you were selected to represent THE CITY OF FRESNO on our lines of coverage.
- d. Based on the information provided and your experience with similar companies, provide conceptual program options and rationale.

6. Risk Management

- a. Describe specific techniques and procedures, which you will use to assist us in identifying current and anticipated new exposures to accidental loss.
- b. Describe how your firm ensures its clients receive the broadest coverage available in the marketplace at an economical cost.
- c. Explain and give an example of the skills and experience your firm has in designing insurance or other risk transfer techniques that fit with the THE CITY OF FRESNO's business.
- d. Describe the steps you would take in reviewing our current program.
- e. How would you keep us informed of current developments in the risk management arena?

7. Risk Control Services - -Describe your approach to loss control and the services to be provided:

- a. *Casualty*: Describe in detail how you will assist THE CITY OF FRESNO design and implement casualty loss control techniques that will reduce loss frequency and severity and ensure compliance with our client's requirements and various regulatory agencies.
- b. *Property*: Describe in detail how you will assist THE CITY OF FRESNO design and implement property loss control techniques that will reduce the potential for loss.
- c. *Professional Services*: Describe in detail how you will assist THE CITY OF FRESNO design and implement risk management to reduce the loss for this area of our business.
- d. Describe your approach to the providing or managing unbundled loss control services.

8. Claims Management – Describe your approach to claims management and the services to be provided:

- a. Discuss how you will assist in claim audits and other file reviews as deemed necessary for current insurer services. Provide details of the services provided and available for this type of program.
- b. Discuss your experience and approach to analyzing and improving claims management programs.
- c. Describe your involvement in the selection of unbundled claims services.
- d. What role does your organization play in first party property claims?

- e. Describe how you will assist THE CITY OF FRESNO to actively manage open claims to assure timely and cost effective closure.
- f. How many accounts do each of your claims persons serve on average?
- g. How many claims are your claims persons actively monitoring on average?

9. References

Please provide at least 4 references (company name, contact name and title, address, phone number, email) References will be contacted. Please notify them accordingly.

10. Past Debarment

Your proposal must include any prior instances of debarment by any public entity.

11. Quality Control – Discuss how your organization will ensure accuracy and timely delivery of:

- a. Submissions to markets
- b. Binders/advices of insurance
- c. Policies, program agreements, resume of insurance and other “insurance related” documents.
- d. Certificates of insurance, auto ID cards, accident kits, posting notices, etc.
- e. Detail how your organization monitors insurer market quality and solvency. How is this information disseminated?

12. Other Insurance/Risk Management Related Services

- a. Describe the step by step process your firm would use to set up and administer an effective Certificates of Insurance Program including software, if any that would be part of this process.
- b. Describe how your firm would provide analysis of THE CITY OF FRESNO data to assist us in obtaining the most favorable position with respect to insurance rates.
- c. How do you determine limits and retention levels to recommend to your clients?
- d. Provide samples of your presentations such as your proposals and claims reviews.
- e. Global considerations:
- f. Explain how your organization could accommodate the increasing international needs of THE CITY OF FRESNO.
- g. Detail the extent of your international network as it would apply to THE CITY OF FRESNO. What internal controls are in place to ensure consistent servicing of an international account by your network? Are your international operations corporate owned offices, affiliate offices or other arrangements?

SECTION IV – BROKER COMPENSATION

Participants are requested to provide thoughts about compensation including:

- 1. The proposal is intended for a term of three (3) years. If it is mutually agreeable to both parties, the agreement may be extended for three (3) additional one (1) year terms.

2. The proposal shall include an annual flat fee for services, inclusive of all professional services, clerical support, travel, transportation and other costs required to perform the services outlined in the Scope of Services, and any additional services detailed in your proposal. The annual flat fee for service shall be quoted for each contract year, e.g., year 1, year 2 and year 3.
3. As noted above, the parties, through mutual agreement, may extend the agreement for three (3) additional one (1) year terms. Your proposal should include the annual flat fee for services for year 4, year 5 and year 6.
4. Broker shall fully disclose any commissions, contingent commissions, incentives or rebates paid to broker, including those paid to any affiliates, subsidiaries or parent organizations. Any commissions, contingent commissions, incentives or rebates paid to broker, including those paid to any affiliates, subsidiaries or parent organizations, shall applied as a credit to the annual fee for services.